

Detta District Education Authority

Financial Statements

June 30, 2012

Detta District Education Authority**Financial Statements**

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CHARTERED
ACCOUNTANTS
MacKay LLP

Suite 301, 5120 – 49 Street
P.O. Box 727
Yellowknife, NT X1A 2N5
Tel: (867) 920-4404
Fax: (867) 920-4135
www.mackay.ca

mackay.ca

Independent Auditors' Report

**To the Minister of Education, Culture and Employment
Government of Northwest Territories and
To the Members of Dettah District Education Authority**

We have audited the accompanying financial statements of the Dettah District Education Authority (the Authority), which comprise of the statement of financial position as at June 30, 2012, statement of changes in net financial resources, statement of operations, and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Basis for Qualified Opinion

The Yellowknife Education District #1 is responsible for the calculation and distribution of the salaries and wages to indeterminate and term employees, the accuracy of which is not susceptible to complete audit verification. Our audit scope was limited, as we did not audit the components of wages and salaries expenditures. Accordingly, we are not able to determine whether any adjustments might be necessary to wages and salaries expenditures, liabilities and net assets.

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Qualified Opinion

In our opinion, except for the effects of adjustments, if any, which might have been determined to be necessary had we been able to do a complete payroll audit, these financial statements present fairly, in all material respects, the financial position of the Authority as at June 30, 2012, and the results of its operations, changes in net financial resources and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We report further, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Authority, the financial statements are in agreement herewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Authority.

Mackay LLP

Chartered Accountants

Yellowknife, Northwest Territories
November 06, 2012

Dettah District Education Authority

Statement of Operations

For the year ended June 30,	2012	2012	2011
	Budget (unaudited)	Actual	Actual
Revenues - Schedule 1			
Government of the Northwest Territories - Department of Education Culture and Employment	\$ 1,283,186	\$ 1,358,206	\$ 1,428,351
Other revenue	-	129,887	40,710
	1,283,186	\$ 1,488,093	\$ 1,469,061
 Expenditures - Schedule 2			
Core administration	70,100	104,057	99,297
School programs	756,767	616,102	562,432
Inclusive schooling	85,000	158,628	21
Maintenance and upgrades	18,200	67,476	35,387
Aboriginal languages	38,600	72,703	51,837
Other - school fees	227,810	523,295	506,437
	\$ 1,196,477	\$ 1,542,261	\$ 1,255,411
Surplus (Deficit)	86,709	(54,168)	213,650
Accumulated surplus, beginning of year	522,718	522,718	309,068
Accumulated surplus, end of year	\$ 609,427	\$ 468,550	\$ 522,718

Dettah District Education Authority**Statement of Financial Position**

As at,	June 30, 2012	June 30, 2011	July 1, 2010
Financial Assets			
Current			
Cash	\$ 616,460	\$ 842,326	\$ 410,170
Short-term investment (note 5)	28,324	28,254	28,242
Accounts receivable	4,000	-	3,000
	\$ 647,784	\$ 670,580	\$ 441,412
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 59,855	\$ 60,104	\$ 52,243
Accounts payable - Yellowknife Education District #1	118,619	88,224	71,241
Wages and benefits payable	760	1,534	8,860
	179,234	147,862	132,344
Net Financial Assets and Accumulated Surplus	\$ 468,550	\$ 522,718	\$ 309,068

Approved on behalf of the Authority

Mandy Chairperson
of Esman Secretary/Treasurer

Dettah District Education Authority**Statement of Changes in Net Financial Resources**

June 30,	2012	2011
Annual surplus (deficit)	\$ (54,168)	\$ 213,650
Net financial resources, beginning of year	522,718	309,068
Net financial resources, end of year	\$ 468,550	\$ 522,718

Dettah District Education Authority

Statement of Cash Flows

For the year ended June 30,	2012	2011
Cash provided by (used in)		
Operating activities		
Cash received from Government of the Northwest Territories	\$ 1,358,206	\$ 1,428,351
Other revenue	129,887	40,710
	1,488,093	1,469,061
Cash paid for compensation	625,357	457,582
Operations and maintenance	893,603	779,311
Accounts receivable	(4,000)	-
	1,514,960	1,236,893
	(26,867)	232,168
Financing Activities		
Interest earned	71	-
Change in cash position	(26,796)	232,168
Cash position, beginning of year	670,580	438,412
Cash, position, end of year	\$ 643,784	\$ 670,580
Represented by		
Cash	\$ 615,460	\$ 642,326
Short-term investment	28,324	28,254
	\$ 643,784	\$ 670,580

Dettah District Education Authority

Notes to Financial Statements

June 30, 2012

1. Nature of Operations

The Dettah District Education Authority ("the Authority") was established on February 12, 2004 under the *Education Act* of the Northwest Territories by order of the Minister. Its purpose is to administer and maintain the standards of educational programs in Dettah as defined under the Act. A full range of instructional programs ranging from kindergarten through grade 12 is offered by the Authority.

2. Significant Accounting Policies

The financial statements of the Authority have been prepared in accordance with Canadian public sector accounting standards. These financial statements have, in administration's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

(a) Basis of accounting

The basis of accounting refers to the timing of when revenue and expense items are recognized in the accounts and reported in the financial statements.

The accrual basis of accounting is used. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred. Revenue received and not spent is deferred where contribution agreements provide for funding to be carried over to subsequent years. If the funding can not be carried forward it is reflected as a repayable contribution.

(b) Government of the Northwest Territories - Regular Contributions

The regular contributions from the Government of the Northwest Territories is determined by a funding formula, based on student enrolment and price and volume fluctuation, and is received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

(c) Tangible capital assets

The Authority operates using tangible capital assets owned by the GNWT. Although the Minister grants to the Authority full occupancy and use of such facilities and equipment required for the administration and delivery of the education programs within the community, they are not shown on the balance sheet. Other capital assets such as equipment, tools, and office equipment purchased by the Authority are treated as expenditures during the accounting period of acquisition and accordingly do not appear on the balance sheet.

Detta District Education Authority

Notes to Financial Statements

June 30, 2012

2. Significant Accounting Policies (continued)

(d) Use of estimates

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(e) Revenue recognition

GNWT - Regular Contributions

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Authority retains surpluses and are responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

The Authority is economically dependent on the GNWT to provide funding for continued operations.

Other revenue

Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

(f) Budget data

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Authority which also establishes a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Authority. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

Detta District Education Authority

Notes to Financial Statements

June 30, 2012

3. Impact of the Change in the Basis of Accounting

These are Authority's first financial statements prepared in accordance with Canadian public sector accounting standards. The 2011 comparative financial statements include an opening balance sheet as at July 1, 2010 that provides for the impact of the transition. There were no changes required to the comparative balances presented as a result of adoption of these accounting principles.

The rules for transition to Canadian public sector accounting standards require that a government prepare its opening balance sheet using the standards that will be followed thereafter, however, certain elective exemptions from this rule are available. In preparing the opening balance sheet shown above, the Authority used none of the elective exemptions.

4. Future Changes in Accounting Policies

In 2011, PSAB made several pronouncements which may impact the Authority's financial statements. The pronouncements are as follows:

Government Transfers - Section PS 3410

PSAB revised and replaced Section PS 3410 - Government Transfers. The Section applies to fiscal years beginning on or after April 1, 2012 and may be applied retroactively or prospectively. The Authority expects to adopt this standard for the year ending June 30, 2013. The Authority is in the process of evaluating the impact of the transition to these accounting standards.

Related Party Transactions, Section PS 4260

The Public Sector Accounting Board (PSAB) released Section 4260 - disclosures of related party transactions effective for years beginning after January 1, 2012. If adopted the section will require the disclosure of related parties, the relationship of the parties, description and amount of transactions, measurement basis and amounts due to or from related parties. The impact of the transition to these accounting standards has not yet been determined.

Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1201 (previously PS 1200)

PSAB approved new Section PS 3450, Financial Instruments, and related to Section PS 1201, Financial Statement Presentation. The effective date for Section PS 3450 is April 1, 2012 for government organizations. Earlier adoption is permitted. Governments organizations adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

Foreign Currency Translation, Section PS 2601

PSAB approved Section PS 2601, replacing existing Section PS 2600, Foreign Currency Translation. The effective date for Section PS 2601 is April 1, 2012 for government organizations. Earlier adoption is permitted. Governments organizations adopt Section PS 2601 in the same fiscal year Section PS 3450, Financial Instruments, is adopted.

Dettah District Education Authority

Notes to Financial Statements

June 30, 2012

4. Future Changes in Accounting Policies (continued)

Liability for Contaminated Sites, Section PS 3260

PSAB released Section PS 3260 - Liability for Contaminated Sites. This new Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook.

This Section is effective for fiscal periods beginning on or after April 1, 2014.

The Authority expects to adopt these standards for the year ending June 30th, 2015 and is in the process of evaluating the impact of the transition on the financial statements.

5. Short-term Investment

The Authority's guaranteed investment certificate is classified as available for sale and regarded as a short-term investment to obtain a return on a temporary basis. It is a prime-linked cashable GIC with maturity at November 6, 2012.

6. Operating Surplus

Under the block funding agreements the Authority does not receive funding for the summer salary payout accrual until the period in which the liability is paid. In addition, the retirement and termination and ultimate removal liabilities are unfunded liabilities and are excluded from funding advances to the Authority. For management purposes, the Department of Education recalculates surplus as shown below.

	2012	2011
<u>Surplus as reported on balance sheet</u>	\$ 468,550	\$ 522,718

7. Economic Dependence

The Authority receives a substantial portion of its revenue from the GNWT. Administration is of the opinion that the operations would be significantly affected if the funding changed.

8. Line of Credit

A line of credit has been authorized by the bank to a maximum of \$200,000 and bears interest at 3.55%. At June 30, 2012, the line of credit had not been used by the Authority.

9. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Dettah District Education Authority**Notes to Financial Statements****June 30, 2012****Dettah District Education Authority****Schedule 1 - Revenues**

For the year ended June 30,	2012	2011
Government of the Northwest Territories Education Culture and Employment		
Core funding	\$ 1,340,766	\$ 1,368,252
Small communities & Screen smart	17,439	-
Infrastructure adjustment	-	6,790
	1,358,205	1,375,042
Active after school	-	7,200
BHP school culture program	-	10,000
Breakfast for learning	-	2,900
Drop the pop	5,838	1,750
Food first	-	5,788
Health promotion	-	1,838
Interest	2,796	159
Miscellaneous	67,754	35,308
Preschool	28,500	-
Renovation funding	25,000	-
Small communities	-	16,000
Together for learning	-	1,500
True sport foundation	-	3,923
Yellowknives Dene First Nation	-	7,653
	\$ 1,488,093	\$ 1,469,061

Detah District Education Authority

Schedule 2 - Statement of Expenditures

For the year ended June 30,

										2012	2011
	School Programs	Operations & Maintenance	Administrative	Aboriginal Languages	Inclusive Schooling	Other		Total		Total	
Salaries											
Teachers	\$ 293,699	\$ -	\$ -	\$ 35,003	\$ 106,231	\$ -	\$ 434,933	\$ 327,912			
Instructional assistant	8,840	-	-	-	44,795	-	53,635	8,232			
YK1 Superintendent	-	-	25,000	-	-	-	25,000	25,000			
Non-instructional staff	-	14,558	-	25,290	-	-	39,848	73,292			
Board/Trustee honoraria	-	-	24,100	-	-	-	24,100	16,407			
School Secretary	30,240	-	5,237	7,602	7,602	-	50,681	8,506			
Total Salaries	332,779	14,558	54,337	67,895	158,628	-	628,197	459,349			
Employee Benefits											
Employee benefits and allowances	3,586	-	-	-	-	4,575	8,161	16,933			
Services Purchased or Contracted											
Office supplies and admin	-	-	10,490	-	-	-	10,490	7,416			
Postage and communications	-	-	5,321	-	-	-	5,321	2,240			
Student travel and busing	65,689	-	-	-	-	-	65,689	57,723			
Maintenance and repairs	-	11,583	-	-	-	-	11,583	8,101			
Renovation of computer lab	-	40,199	-	-	-	-	40,199	8,332			
Library and guided program	41,754	-	-	-	-	-	41,754	21,729			
Lunch / snack program	15,087	-	-	-	-	-	15,087	13,784			
Art and physical education	14,290	-	-	-	-	-	14,290	11,839			
Staff development	30,510	-	-	-	-	-	30,510	10,235			
School fees	-	-	-	-	-	518,719	518,719	506,436			
Robotics and technology	11,709	-	-	-	-	-	11,709	17,118			
School wide promotions	48,518	-	2,786	-	-	-	51,304	25,858			
Accounting and legal	-	-	31,122	-	-	-	31,122	20,858			
Total Services Purchased or Contracted	227,557	51,782	49,719	-	-	518,719	847,777	711,669			
Materials, Supplies and Freight											
Materials	41,985	1,136	-	4,809	-	-	47,930	33,969			
Furniture and equipment	6,013	-	-	-	-	-	6,013	33,356			
Freight	4,183	-	-	-	-	-	4,183	135			
Total Materials, Supplies, and Freight	52,181	1,136	-	4,809	-	-	58,126	67,460			
Total Expenditures	\$ 616,102	\$ 67,476	\$ 104,057	\$ 72,703	\$ 158,628	\$ 523,295	\$ 1,542,261	\$ 1,255,411			